

Message Text

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PAGE 01 MEXICO 07841 01 OF 02 191705Z

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 IO-13 AID-05 /074 W

-----191724Z 088007 /44

R 191703Z MAY 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 2239

INFO ALL USCONS MEXICO BY POUCH

C O N F I D E N T I A L SECTION 01 OF 02 MEXICO 07841

E. O. 11652: GDS

TAGS: PINT, MX

SUBJECT: LOPEZ PORTILLO TO REINSTALL SCHERER GARCIA
IN EXCELSIOR?

1. MAY 14 STORY BY ALAN RIDING IN NEW YORK TIMES THAT
GOM HAD DECIDED TO REINSTATE FORMER EDITOR OF EXCELSIOR
WAS PRINTED FRONT PAGE SAME DAY IN EXCELSIOR. EXCELSIOR
RAN COMPANION PIECE REPEATING STATEMENTS BY THEN PRESIDENT
ELECT LOPEZ PORTILLO LAST SEPTEMBER IN CARACAS AND SAN
JOSE THAT SCHERER'S OUSTER WAS AN INTERNAL DECISION OF THE
EXCELSIOR COOPERATIVE. EXCELSIOR ALSO RAN FOUR EDITORIALS
ATTACKING THE RIDING STORY IN NEAR HYSTERICAL LANGUAGE AS
SHEER FANTASY AND AS A DISGUISED ATTACK ON THE LOPEZ
PORTILLO GOVERNMENT'S RESPECT OF PRESS INDEPENDENCE.

2. NO OTHER NEWSPAPER HAS TOUCHED THE STORY. GOM OF-
FICIALS HAVE NOT SPOKEN ABOUT THE MATTER AND POLITICAL
FIGURES HAVE REMAINED SILENT - AS IF THE RIDING STORY DID
NOT EXIST.

3. BUT PRIVATELY, MEXICANS CAN TALK OF LITTLE ELSE
(EXCEPT THE MAY 16 NOMINATION OF FORMER PRESIDENT
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PAGE 02 MEXICO 07841 01 OF 02 191705Z

ECHEVERRIA AS SPECIAL AMBASSADOR TO DEVELOPING WORLD -
SEE SEPTEL). A WRITER FOR PROCESO, THE MAGAZINE FOUNDED
BY THE GROUP OUSTED FROM EXCELSIOR, TOLD EMBOFF FOLLOWING
ON MAY 16:

A) THE RIDING STORY IS CORRECT - INTERIOR SECRETARY
REYES HEROLES TOLD SCHERER THAT THE LOPEZ PORTILLO

GOVERNMENT HAD DECIDED TO OUST THE PRESENT LEADERSHIP OF EXCELSIOR, REPLACING IT WITH THE SCHERER GARCIA GROUP;

B) THE GOM WOULD ACCOMPLISH THE OUSTER OF THE NEW EDITOR AND REINSTALLATION OF SCHERER BY UTILIZING AUTHORITY UNDER THE FEDERAL LAW GOVERNING COOPERATIVES TO DECLARE THE ASSEMBLY WHICH THREW OUT SCHERER ILLEGALLY CONVENED;
C) THE NEW EDITOR OF EXCELSIOR, REGINO DIAZ REDONDO, HAD ABSCONDED TO SPAIN WITH SOME 85 MILLION PESOS OF EXCELSIOR'S MONEY (WHICH EMBASSY PRESS OFFICE HAS ALSO HEARD); AND,

D) THE GOM WAS ANGRY AT NEW EXCELSIOR'S "SENSATIONALIST TREATMENT" OF SEVERAL IMPORTANT STORIES, PARTICULARLY OVER STORY OF U.S. HOUSE SPEAKER O'NEILL'S ALLEGED COMMENTS DURING LOPEZ PORTILLO'S VISIT TO WASHINGTON.

4. IN OPINION OF SAME SOURCE, RIDING STORY WAS CRUEL BLOW TO SCHERER GARCIA GROUP, TO INTERIOR SECRETARY REYES HEROLES (WHO SOLD LOPEZ PORTILLO ON IDEA), AND TO PRESIDENT LOPEZ PORTILLO. PUBLICATION OF TIMES STORY MADE SITUATION TOO CONFUSED TO PREDICT OUTCOME.

5. AS TO MOTIVE FOR REINSTATING SCHERER GARCIA, SOURCE THOUGHT GOM SAW TROUBLE BREWING OVER SUMMER IN NATIONAL UNIVERSITY (WHERE TWO UNIONS ARE THREATENING STRIKE JUNE 20) AND WITH LABOR, WHOSE PLEDGE NOT TO SEEK MORE THAN 10-PERCENT WAGE INCREASE EXPIRES AT END OF MAY. IN PREPARATION FOR A POSSIBLY TROUBLED SUMMER, SOURCE THOUGHT CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MEXICO 07841 01 OF 02 191705Z

GOM WANTED THE NATION'S MOST INFLUENTIAL NEWSPAPER, EXCELSIOR, UNDER LESS SENSATIONALIST LEADERSHIP.

6. COMMENT: ASSUMING THAT THE RIDING STORY IS ESSENTIALLY CORRECT, WHAT IS IMPORTANT IS WHY THE GOM DECIDED ON THIS COURSE OF ACTION AND WHAT IT WILL DO NOW THAT THE TIMES STORY HAS BEEN PUBLISHED HERE.

A) LIKE RIDING, WE TOO ARE PUZZLED BY GOM'S MOTIVE, BUT OUR INITIAL IMPRESSION IS THAT LOPEZ PORTILLO GOVERNMENT IS ACTING TO CONSOLIDATE ITS POSITION BEFORE CONSEQUENCES OF CONTINUING STAG-FLATION MAKE THEMSELVES FULLY FELT POLITICALLY. HENCE, GOM IN LAST MONTH HAS ENGAGED OPPOSITION GROUPS IN DIALOGUE OVER POLITICAL REFORM, IMPLICITLY HOLDING OUT POSSIBILITY OF REGISTRATION OF NEW PARTIES IN TURN FOR KEEPING DISSIDENCE WITHIN REASONABLE LIMITS; FORMER PRESIDENT ECHEVERRIA HAS BEEN EASED OUT OF COUNTRY ON A DIPLOMATIC ASSIGNMENT; AND THE SONORA LAND DISPUTE IS BEING RESOLVED IN WAY WHICH DOES NOT

ANTAGONIZE RURAL SECTOR AND ITS SYMPATHIZERS WITHIN THE POLITICAL ELITE. REVERSING THE ACTION OF THE ECHEVERRIA GOVERNMENT ON EXCELSIOR WOULD CLEARLY ESTABLISH AND DEMONSTRATE THIS GOVERNMENT'S AUTHORITY AND DOMINANCE OF THE INTERNAL POLITICAL SCENE.

B) THE PRESENT EXCELSIOR LEADERSHIP OBVIOUSLY HOPES TO FORCE THE GOM TO DESIST FROM ANY SUCH EFFORT BY PRINTING THE NEW YORK TIMES STORY. WHETHER THIS BOLD GAMBIT (IN A SIMILAR SITUATION LAST JULY SCHERER GARCIA DISAPPOINTED HIS COLLEAGUES BY REFUSING TO PRINT WASHINGTON POST REPORTING ON ECHEVERRIA GOVERNMENT PLOTTING AGAINST

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PAGE 01 MEXICO 07841 02 OF 02 191707Z

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C O N F I D E N T I A L SECTION 02 OF 02 MEXICO 07841

EXCELSIOR) WILL SUCCEED REMAINS TO BE SEEN. ITS BLUFF HAVING BEEN CALLED, THE GOM WILL EITHER HAVE TO DENY IT EVER HAD ANY INTENTION OF REINSTATING SCHERER OR PROCEED MORE OR LESS AS PLANNED (PERHAPS WAITING A BIT). TO BE BACKED DOWN HOWEVER, IS NOT AN ATTRACTIVE OPTION IN THIS POLITICAL CULTURE. AS NOTED ABOVE, THE GOM THUS FAR HAS IGNORED THE RIDING ARTICLE. ITS NOT HAVING DENIED THE STORY MAY INDICATE A RESOLVE NOT TO BE DETERRED.

7. WHETHER LOPEZ PORTILLO WILL ACT NOW THAT THE WATERS ARE THOROUGHLY MUDDY COULD INDICATE JUST HOW SERIOUS HE JUDGES THE SITUATION TO BE, AND MAY SHOW HOW HE REACTS WHEN WELL-LAID PLANS ARE FRUSTRATED. THOMPSON

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, JOURNALISTS, REMOVAL FROM OFFICE, ALLEGATIONS, PERSONNEL APPOINTMENTS, REORGANIZATIONS, THE PRESS
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MEXICO07841
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770178-1088
Format: TEL
From: MEXICO
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770539/aaaabhwr.tel
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Litigation Code IDs:
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Litigation History:
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Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
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Review Action: RELEASED, APPROVED
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Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2451218
Secure: OPEN
Status: NATIVE
Subject: LOPEZ PORTILLO TO REINSTALL SCHERER GARCIA IN EXCELSIOR?
TAGS: PINT, SOPN, PGOV, MX, NEW YORK TIMES, EXCELSIOR, (SCHERER, GARCIA), (LOPEZ PORTILLO Y PACHECO, JOSE), (RIDING, ALAN)
To: STATE
Type: TE
vdkgwkey: odhc://SAS/SAS.dbo.SAS_Docs/3bdccc8f-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

